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Rlr Retirement System  
1974 Annual report of  
the Teachers'  
Retirement System  
to the Governor of  
Montana ... for

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A N N U A L R E P O R T  
of the

TEACHERS' RETIREMENT SYSTEM

to the  
GOVERNOR OF MONTANA  
HONORABLE THOMAS L. JUDGE

for the  
FISCAL YEAR ENDED JUNE 30, 1974

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# The Teachers Retirement System



## State of Montana

1500 Sixth Ave. Phone 406-449-3134  
HELENA, MONTANA 59601

### MEMBERS OF THE BOARD

JAMES N. DENNEHY, Butte, Chairman  
JAMES E. BURKE, Livingston  
J. WILLIAM KEARNS, JR., Townsend  
LORENCE B. SIMONSEN, Glendive  
DOLORES COLBURG,  
State Supt. of Public Instruction

OWEN L. MORRIS, JR., Executive Secretary  
F. ROBERT JOHNSON, Ass't. Executive Secretary

October 9, 1974

The Honorable Thomas L. Judge  
Governor of Montana  
Capitol Building  
Helena, Montana 59601

Dear Governor Judge:

In accordance with Section 82-4002, R.C.M. 1947, the annual report of Teachers' Retirement System for the fiscal year ended June 30, 1974 is herewith transmitted.

Major accomplishments during the year included:

- (1) Completed the gathering of the preliminary information required to utilize the services of the State Data Processing Division.
- (2) Revised the Handbook of Information and distributed copies to all members of the system.
- (3) Provided individual counselling to members contemplating retirement and conducted group meetings with various teacher organizations.

\$9,147,676 in benefits including retirement, disability and survivor benefits were paid during the fiscal year.

Respectfully submitted,

A handwritten signature in cursive script, reading "Owen L. Morris Jr.", written over a horizontal line.

Owen L. Morris Jr.  
Executive Secretary

OLM/eh



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## Agency Organization

### THE TEACHERS' RETIREMENT BOARD MEMBERS

<u>MEMBER</u>	<u>TERM EXPIRES</u>
James N. Dennehy, Chairman Teacher, Butte	July 1, 1974
Lorence B. Simonsen Superintendent, Richey	July 1, 1975
James E. Burke Realtor, Livingston	July 1, 1976
J. William Kearns, Jr. Banker, Townsend	July 1, 1977
Dolores Colburg State Superintendent of Public Instruction	Ex-Officio

### ADMINISTRATIVE OFFICERS

Owen L. Morris Jr.	Executive Secretary
F. Robert Johnson	Asst. Executive Secretary



LEGAL REFERENCES

Sections 75-6201 thru 6219 and Section 82A-212,  
R.C.M. 1947



### Major Responsibilities

Provide a program of retirement, disability and survivor benefits for teachers.



## Major Accomplishments

1. Completed the gathering of the preliminary information required to convert the accounting of our subsidiary ledgers to the State Data Processing Division.
2. Revised the Handbook of Information to include changes in the law effective July 1, 1973 and distributed to some 15,000 members of the system.
3. Provided individual counselling to approximately 500 members contemplating retirement and conducted group meetings with the various educational organizations.



# Program Cost Summary

Total Expenditures		
	1972 - 1973	\$7,264,116
	1973 - 1974	9,320,626
	Increase	2,056,510
	%	28.3

Expenditure Summary	<u>1972-73</u>	<u>1973-74</u>	<u>Inc.</u>	<u>%</u>
Personal Services	82,862	87,272	4,410	5.3
Operating Expense	37,500	84,902	47,402	126.4
Equipment	1,677	776	(901)	(53.7)
Benefits & Claims	7,142,077	9,147,676	2,005,599	28.1
Total Costs	7,264,116	9,320,626	2,056,510	28.3

Source of Funding	<u>1972-73</u>	<u>1973-74</u>	<u>Inc.</u>	<u>%</u>
Agency Fund	7,142,077	9,151,817	2,009,740	28.1
Earmarked Revenue Fund	122,039	168,809	46,770	38.3
Total	7,264,116	9,320,626	2,056,510	28.3

## Footnotes

1. Different from 1973 Governors Annual Report in that \$48,469 in mortgage service fees are omitted.
2. Large increase due to \$8,000 biannual audit, \$24,000 Data Processing conversion and \$12,500 rent expense on Teachers' Retirement System building.
3. Benefits increase due to increases granted to retirees on July 1, 1973 and 161 new retirees.



# Number of Retirees

	1972 - 1973	1973 - 1974
July	2,916	3,216
Aug.	2,951	3,231
Sept.	2,954	3,237
Oct.	2,966	3,244
Nov.	2,970	3,261
Dec.	2,975	3,309
Jan.	2,984	3,327
Feb.	2,982	3,338
Mar.	2,984	3,347
April	2,987	3,356
May	2,995	3,355
June	2,999	3,451
Average/Mo.	2,972	3,306

11.24% Increase



## Program Analysis

### Program Goals

Improve the educational system in the State by alleviating the financial worries of the teachers by offering adequate retirement benefits, disability benefits and survivor benefits.

### Program Objectives

1. To provide maximum benefits consistent with maintaining the actuarial soundness of the system.
2. To increase efficiency through the use of modern management techniques and data processing; thereby offering improved services while minimizing cost increases.
3. To be available at all times to discuss the retirement program and to offer our assistance to the members of the Teachers' Retirement System.



## Evaluation

1. Conducted an actuarial valuation of the system to determine the position of the fund, the normal cost, and the unfunded liability based on present and prospective assets and liabilities of the system.
2. Computerized application of retired member accounts will generate over 3500 year end reports that were formerly prepared by manual operation.
3. (a) Prepared over 1200 estimates and provided individual counseling to over 500 teachers.
4. (b) Advised 137 members who had a vested right and who were no longer teaching of the early retirement provision. Of this group 49 submitted applications for retirement.





